

Message Text

LIMITED OFFICIAL USE

PAGE 01 LIMA 10348 01 OF 02 290013Z
ACTION TRSE-00

INFO OCT-01 ARA-10 ISO-00 AGRE-00 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05
SS-15 STR-05 CEA-01 /079 W
-----125681 290104Z /66
P 282349Z NOV 77
FM AMEMBASSY LIMA
TO SECSTATE WASHDC PRIORITY 7689

LIMITED OFFICIAL USE SECTION 1 OF 2 LIMA 10348

E.O. 11652: N/A
TAGS: EFIN ECON PE
SUBJ: PERU - PROJECTION OF FOREIGN EXCHANGE OPERATIONS -
NOVEMBER 1977 THROUGH DECEMBER 1978

REF: STATE 277129 (PARA 19)

1. SUMMARY. THE CENTRAL BANK HAS PROJECTED FOREIGN EXCHANGE FLOWS OF PERUVIAN BANKING SYSTEM FOR 1978 BY MONTHS. THESE PROJECTIONS WERE MADE BOTH WITH AND WITHOUT ASSUMPTION OF ROLLOVERS OF CREDITS COMING DUE IN 1978. THEY INDICATE THAT JANUARY WILL BE A TIGHT PERIOD FOR FOREIGN EXCHANGE AVAILABILITY. CENTRAL BANK PROJECTS FOR CALENDAR 1978 \$210 MILLION COMPENSATORY DEFICIT WHICH COMPARES WITH \$150 MILLION IN IMF PROJECTION. THE CENTRAL BANK DATA INDICATE NEARLY \$900 MILLION AS NET OUTFLOW WITHOUT ROLLOVERS OF BANKING SYSTEM CREDITS COMING DUE IN 1978. IMF DID NOT MAKE PROJECTION OF THIS OUTFLOW, WHICH MAY HAVE BEARING ON GOP'S NEGOTIATIONS WITH EXTERNAL CREDITORS. END SUMMARY.

2. THE CENTRAL BANK DATA IS CONTAINED IN A DOCUMENT OF THE EXTERNAL OPERATIONS DIVISION OF THE CENTRAL RESERVE BANK OF PERU, ENTITLED ESTADISTICAS CAMBIARIAS (DATED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIMA 10348 01 OF 02 290013Z

NOVEMBER 5, 1977) AND WAS MADE AVAILABLE TO US BY AN OUT-OF-TOWN VISITOR WHO REQUESTS ANONYMITY. ALTHOUGH WE HAVE LITTLE DOUBT REGARDING THE AUTHENTICITY OF THE DOCUMENT, IT IS NOT POSSIBLE TO ASSESS THE ACCURACY OF PROJECTIONS BY COMPARISON WITH PAST PERFORMANCE BECAUSE WE HAVE NOT HAD ACCESS TO THIS TYPE OF INFORMATION DURING THE PAST DECADE.

3. THE BASIC DATA IS AS FOLLOWS IN MILLIONS OF U.S.
DOLLARS:

	NOV. 77	DEC. 77	1978
INFLOW	280.9	279.5	4,096.7
OUTFLOW	474.3	397.2	4,993.6
BALANCE	-193.4	-117.7	-896.9
FINANCING	178.1(1)	124.5 (2)	686.5(3)
BALANCE	-15.3	P6.8	-210.4

FOOTNOTES:

(1) INCLUDES REFINANCING OF \$112.3 TO BANCO DE LA NACION AND \$65.8 TO CENTRAL BANK (\$35.8 IN SWAPS AND \$30.0 IN OTHER OBLIGATIONS).

(2) INCLUDES REFINANCING OF \$72.9 TO BANCO DE LA NACION AND \$51.6 TO THE CENTRAL BANK (\$31.6 IN SWAPS AND \$20.0 IN OTHER OBLIGATIONS).

(3) INCLUDES REFINANCING OF \$371.0 TO BANCO DE LA NACION AND \$315.5 TO THE CENTRAL BANK (\$141.7 IN SWAPS AND \$173.8 IN OTHER OBLIGATIONS).

4. FOR 1978 THERE ARE TWO PROJECTIONS BY MONTHS OF THE CASH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LIMA 10348 01 OF 02 290013Z

FOREIGN EXCHANGE INFLOWS (CONSTRUCTED FROM EXPORT RECEIPTS, PRIVATE LOANS, PUBLIC SECTOR CASH LOAN DISBURSEMENTS AND OTHER) AND FOREIGN EXCHANGE OUTFLOWS (CONSTRUCTED FROM PRIVATE SECTOR IMPORTS, OBLIGATIONS OF THE BANCO DE LA NACION, INCLUDING PUBLIC SECTOR IMPORTS, OBLIGATIONS OF THE CENTRAL BANK, SERVICE OF PRIVATE SECTOR LOANS, PUBLIC SECTOR LOAN SERVICE, AND OTHERS). ONE PROJECTION IS ENTITLED "ASSETS AND LIABILITIES" (SEE A BELOW) AND THE OTHER IS ENTITLED "ASSETS" (SEE B BELOW). THE INFLOW ITEMS ARE IDENTICAL FOR THE TWO PROJECTIONS EXCEPT THAT THE LATTER INCLUDES A LINE BALANCE-OF-PAYMENTS SUPPORT LOAN BUT DENOTED N.D., I.E. NO DATA.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 LIMA 10348 02 OF 02 290020Z

ACTION TRSE-00

INFO OCT-01 ARA-10 ISO-00 AGRE-00 AID-05 CIAE-00

COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06

XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-05 CEA-01 /079 W

-----125727 290107Z /66

P 282349Z NOV 77

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 7690

LIMITED OFFICIAL USE SECTION 2 OF 2 LIMA 10348

IN REGARD TO OUTFLOW ITEMS THE B PROJECT INCLUDES
SIGNIFICANTLY LOWER FIGURES FOR OBLIGATIONS OF THE CENTRAL
BANK AND REDUCES THE OBLIGATIONS OF THE BANCO DE LA NACION
TO A ZERO OUTFLOW. A THIRD PROJECTION EXISTS FOR THE CENTRAL
BANK AND THE BANCO DE LA NACION; THAT IS, IT EXCLUDES THE REST
OF THE BANKING SYSTEM. THE NUMBERS FOR THIS PROJECTION ARE SHOWN
AS C BELOW.

5. THE SPECIFIC RESULTS BY MONTHS FOR 1978 ARE AS FOLLOWS IN
MILLIONS OF U.S. DOLLARS.

	A	B	C
JANUARY	N210.9	N76.9	N119.9
FEBRUARY	N103.3	P26.4	P 1.3
MARCH	N138.0	P44.6	N12.3
APRIL	N199.9	P 3.8	N 32.0
MAY	N 30.3	N 25.5	N 29.0
JUNE	N 45.7	N 35.7	N 40.3
JULY	P 0.6	P 2.3	N 4.7
AUGUST	P 21.8	P 23.0	P 16.7
SEPTEMBER	P 15.1	P 20.1	P 14.0
OCTOBER	N 48.2	N 74.2	N 23.8
NOVEMBER	N100.2	N 96.4	N72.8

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIMA 10348 02 OF 02 290020Z

DECEMBER N 57.9 N 48.9 N 25.1

TOTAL N896.9 N210.4 N327.9

LEGEND: (N) MEANS MINUS OR NEGATIVE

(P) MEANS PLUS OR POSITIVE

OUR INTERPRETATION IS AS FOLLOWS. IF SHORT-TERM (OR BELOW THE LINE)
CLAIMS WERE PAID OFF WHEN DUE DURING 1978 THE CASH FLOW FOR THE
PERUVIAN BANKING SYSTEM WOULD BE \$N896.9 MILLION. IF SHORT-TERM
CLAIMS ARE NOT PAID OFF (E.G. THEY ARE ROLLED OVER), THE CASH FLOW IS

\$N210.4 MILLION. THE DEFICIT CASH FLOW POSITION FOR THE CENTRAL BANK AND BANCO DE LA NACION IS HIGHER (N328) THAN FOR THE BANKING SYSTEM AS A WHOLE (N210).

6. THE CASH FLOW FOR THE CENTRAL BANK AND BANCO DE LA NACION IS \$N1,014.5 MILLION FOR 1978 BEFORE REFINANCING ITEMS. AFTER REFINANCING THE FLOW IS AS STATED IN C ABOVE. SPECIFICALLY IT IS ASSUMED THAT \$ 371.0 MILLION IS OBLIGATIONS OF THE BANCO DE LA NACION ARE REFINANCED AND THAT \$ 315.6 MILLION IN OBLIGATIONS OF THE CENTRAL BANK ARE REFINANCED. (I.E.), SUBTRACTING THESE ASSUMED REFINANCE ITEMS FOR THE \$N1,014.5 MILLION YIELDS \$ 327.9 MILLION). ADDITIONAL DETAIL IN REGARD TO CENTRAL BANK OBLIGATIONS ASSUMED REFINANCED IN 1978 ARE AS FOLLOWS IN MILLIONS OF U.S. DOLLARS:

SWAP WITH CENTRAL BANK OF VENZUELA	35.0
DEPOSIT OF THE CENTRAL BANK OF BRAZIL	30.0
DEPOSIT OF THE FONDO DE INVERSIONES DE VENEZUELA	50.0
NOTE WITH CITY BANK	12.0
CORP. ANDINA DE FOMENTO	27.0
TRANSITORY SWAPS WITH LOCAL BANKS	30.0
SWAP WITH LOCAL BANKS	141.6
LIMITED OFFICIAL USE	

LIMITED OFFICIAL USE

PAGE 03 LIMA 10348 02 OF 02 290020Z

7. COMMENTS ON PROJECTION. IF WE ASSUME \$43.3 MILLION AS GROSS FOREIGN EXCHANGE HOLDINGS FOR THE END OF OCTOBER (AS GOP EARLIER SUPPLIED USG), THE PROJECTION FOR NOVEMBER AND DECEMBER IMPLY GROSS HOLDINGS ON ONLY \$34.8 AT THE END OF 1977. THEREFORE TAKING PROJECTION (ROLLOVER EXISTING BUT NO NEW CREDITS). JANUARY IS THE MONTH WHEN THE PERUVIAN BANKING SYSTEM RUNS OUT OF FOREIGN EXCHANGE EVEN WITH THE \$12.5 MILLION IMF TRANCHE RELEASE, AND THEREFORE NEW BANK BORROWING IS URGENT REQUIREMENT. COPY OF DOCUMENT PROVIDED TO STATE (ARA/AND - FULLER).
SHLAUDEMANN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LIMA10348
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770441-0020
Format: TEL
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771113/aaaaalei.tel
Line Count: 212
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f4b7be10-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 277129
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 434563
Secure: OPEN
Status: NATIVE
Subject: PERU - PROJECTION OF FOREIGN EXCHANGE OPERATIONS - NOVEMBER 1977 THROUGH DECEMBER 1978
TAGS: EFIN, ECON, PE
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/f4b7be10-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009